

DRAFT

Governor's Blue Ribbon Water Task Force

Meeting Notes
June 23-24, 2004
Santa Fe, NM

Attendees: Brian Burnett, Estevan Lopez, Bill Hume, Anne Watkins, Larry Blair, Conci Bokum, Frank Chaves, Wayne Cunningham, Kyle Harwood, Steve Hernandez, David Hughes, Howard Hutchinson, Sarah Kotchian, Elmer Lincoln, G.X. McSherry, Paul Paryski, Elmer Salazar, Manuel Trujillo, and Bob Vocke attended the meeting. Secretary Rick Holmans (Economic Development Department) and D.L. Sanders (OSE) attended as guests.

The next meeting of the BRWTF will be July 29th in Albuquerque.

The Task Force discussed the need to continue honing and communicating its message on funding priorities for OSE/ISC.

Bill Hume indicated he would cover the following topics with the Interim Committee on June 24th:

- The continuing severe drought, which could continue 2 or 3 decades;
- Critical nature of water & funding issues (large vs. small systems) – regional water and wastewater systems;
- Domestic well legislation needs;
- Indian water right settlements & funding requirements (may need to provide water as part of the settlement); and
- Interstate water issues.

The Task Force made the following additional observations relative to water investments by New Mexico:

- OSE/ISC funding/resource needs e.g., FTE temporary/permanent conversions are important.
- State and federal fiscal resources are limited & NM must set its priorities – private sector funding approaches are being considered;
- Investments must be sustainable;
- A dedicated revenue stream is needed;
- Administrative fees should be considered; and
- Watershed restoration and management is important.

Estevan and D.L. provided an update for OSE/ISC:

- ISC general counsel has been hired;
- Three water masters have been hired (Gallinas, San Juan, and Pojoaque) and two planned (Lower Rio Grande and Lower Pecos);
- Water masters will be funded this year using funds from the Governor & general operating budget – counties will be presented with the water master budgets next year (counties can pass costs to water users based on amount used);
- There will be a hearing on the Proposed Active Water Resource Management Regulations next week (several concerns were raised relative to adequacy of rulemaking notification) – the comment period will be extended;
- The proposed regulations would allow senior water right holders to pass water to a junior users on an interim basis during shortage conditions;
- Each basin will have basin-specific regulations;
- Water masters would be assigned to basins when there is majority public demand or potential for economic loss or other State needs;
- Water masters will administer water based on priority unless shortage sharing agreements are in place;

- The Navajo settlement is nearing completion;
- The Aamodt settlement is still quite controversial & misinformation needs to be corrected – it is a voluntary settlement and parties can opt in or out of the regional system, but their water rights/permits are at risk if they opt out;
- NM continues to pursue Gila River water rights settlement legislation with flexible funding language;
- Due to outstanding objections to the Pecos settlement, the State is pursuing lease-purchase agreements; and
- Negotiations continue on NM's funding share for the Rio Grande Silvery Minnow Collaborative Program (i.e., NM's share of a projected \$230M program).

Rick Holmans visited with the Task Force and made the following points:

- The Department is going into every community to understand and collaborate with local plans - the water issue has deep roots in communities/culture;
- The Department is pursuing border supplier opportunities for the Mexico automotive industry;
- The Department is working with NM universities and federal laboratories to bring latest technologies to the table;
- The Department is working with foreign countries and others to do product research development/prototype and ultimately manufacturing in NM;
- The X-Prize Cup will anchor the NM Space Port;
- The Certified Economic Development Community Program is a checklist of requirements for growing or attracting business;
- The NM Local Economic Development Act allows local governments to exempt investments from the anti donation clause;
- The Department is not pursuing water-intensive businesses/industry and they haven't been expressing interest in NM;
- NM needs to pursue renewable energy opportunities;
- Albuquerque should be the water conservation capitol of the world;
- A state-wide strategy is needed for investing NM's water, including market mechanisms;
- Average water use in NM is 1063 gal/capita/day and Albuquerque uses 133 gal/capita/day;
- Water ROI for NM is 2.5 cents/kgal and in Bernalillo 23.5 cents/kgal;
- NM agriculture uses 70% of NM's water and is 10% of the economy; and
- NM needs to pursue forest-related opportunities e.g., biomass.

The Task Force made the following observations:

- Are the agriculture 70% of the water and 10% of the economy number sound – the Task Force should take a look at these numbers (see information below);
- One must consider the economics of all environmental services provided by healthy forests;
- Water is an economic development issue in NM and a big picture strategy is needed;
- Southern NM doesn't have the infrastructure for big new industry – this needs to be planned and water is part of the planning (a multiplier of 5);
- Acequia ability to store water is an economic issue;
- Indian water settlements are an important element in economic planning;
- Economic development is occurring;
- Water management and administration must be transparent;
- The Economic Development Department should consider regional water plans in its development initiatives; and
- Companies moving to NM must understand NM water issues.

Information Insert: the 2000 OSE total diverted depletion number for irrigated agriculture is 1.8maf and total diverted depletion number is 2.2maf. The following economic information comes from an Acequia Commission-funded NMSU report:

Total Economic Value of Agriculture in New Mexico (1998):

1. Construction \$7.25B

2. Retail Trade \$6.04
3. Real Estate \$5.17
4. Health Services \$3.62
5. State and Local Government - Non-Education \$3.34
6. Professional Services \$3.09
7. Wholesale Trade \$2.86
8. Electrical Equipment \$2.46
9. State and Local Government - Education \$2.43
10. Business Services \$2.16
11. Federal Government - Non-Military \$2.10
12. Agriculture \$2.01
13. Utilities \$1.9
14. Oil and Gas Mining \$1.64
15. Federal Government - Military \$1.57

Total: \$48

An agriculture water conservation panel discussion will be set for the July BRWTF meeting.

Elmer Lincoln will work with Bob Vocke to set the September BRWTF agenda in the Farmington area.

The following notes were distributed during the meeting.

BRWTF Discussion Notes – Development and Communication of OSE Message

05/26/04

Guidelines for Message

- Keep it simple (and short)
 - Message will get lost if it gets too complex
 - For the legislature, message must convey what can be accomplished this year
 - Can have longer, more detailed version as well; but having the short message is very important
- The urgency component of the message must be repetitive to get across
- Convey the essence of a strong plan, but don't get bogged down in the details.
- Understand and explain the impacts from the perspective of the recipients of the story
- Explain what will be accomplished if funding is provided; explain the impacts if funding is not provided

Message Content

- Message needs a clear, simple logical framework
 - Simple, high level description of the core OSE strategy/process (that can be explained in ~3 minutes), e.g.

Data => Waters Data Base => Adjudications => Active Water Management

- Use this framework to develop both a short message and the front end of a longer presentation. It is very important to use a consistent framework in all presentations for consistency and to provide context for more detailed
- Convey compelling vision of the important positive impacts of Active Water Management
- Simple graphic illustrating process
- The “logic framework” process is widely used by World Bank (and many others); more info likely available on web
- When describing Waters Data Base piece, need to explain the high value of recent funding to support creation and implementation of this data base
- Be prepared to explain each element of the framework in more detail
- Message needs to convey a clear, compelling story of what will be done and why
 - Again, need a simple high level description of this (that can be explained in ~3 minutes), e.g.

Problem => Solution Plan => Delivered Products

- *Problem*
 - Short statement of the challenges
 - Need compelling “2x4”, i.e. what are the negative impacts if funding is not provided

- At one level these impacts are the specific things OSE will not do
 - However, need to go beyond this to describe the downstream major negative consequences (cost and other) of not doing the work
- *Solution Plan*
 - What funding are you asking for; through what funding mechanism; and clear sense that you've got a well-thought-out plan for execution (perhaps using Gantt chart example)
- *Delivered Products*
 - What you expect to deliver; be specific (but keep it high level) - how many surveys; how many records into Waters; how many completed adjudications; what progress on Native American water settlements
- Message needs to convey clear state-wide strategy for solution of problems
 - Legislature needs to understand that water issues are state-wide and that in order to be successful, problems must be addressed in all regions.
 - Estevan's map and explanation of major challenges and projects across the state is a good start

Key Issue – what is the proposed funding mechanism

- Need to address the proposed mechanism for funding – this is very important
 - How much proposed from general fund versus tax/fee/other mechanisms
 - Some fee mechanisms will be very difficult politically if they are perceived to be unfair relative to who carries the burden
 - Should expect very active opposition if mechanism is perceived as unfair
- Should go directly to the Governor to convey the message and possible funding options; need his active engagement/support
- Recognize that going for alternative/additional sources of funding beyond the general fund may put base funding through general fund at risk
- Should consider going after some of the anticipated \$50M from increased oil/gas revenue; the Governor is the pathway to that funding; however, must recognize this is a volatile source of funding, which should be used for specific, finite-length projects, not base/core operations
- Can't get into a situation where the funding mechanism for OSE is in major competition with NMED

Target Key People; Convey Message that Can Be Understood by Intended Recipient

- Listening is important – BRWTF should consider inviting key legislators to a meeting to talk about what they feel is important...we need to listen and broaden our understanding; OSE should consider doing the same
- Need a good “marketing” strategy
 - Understand who message is going to; what are their specific concerns/needs
 - The political process is fundamentally unchanged; OSE budget will be competing with the budgets for multiple other state programs with

compelling needs; need to be very strategic, not only on what is in the message, but also who it goes to and how it is delivered (e.g. will have to play the political game)

- Need to get message to key people
 - Members of the Water Interim Committee
 - Governor (“what is the strategy for getting to the 4th floor”; is there something the BRWTF could do to help with this???)
 - Who else??
- Packaging is important – must convey message in language that can be understood by intended recipients
 - OSE (and BRWTF) should seriously consider bringing in expertise/consultant to review and/or help guide how the message is packaged
 - Jack Westman offered to bring in very knowledgeable expert in this area to give us additional info/insight on this

Another Major Issue – Total Water Issue for NM, Including Infrastructure and Major Water Settlements

- We got into this broader topic toward the end of the discussion, and did not have time or energy to explore it in depth (i.e. this clearly needs more discussion)
- The total water funding picture for NM is broader (and much more \$) than the specific challenge of adequate funding of water administration by the OSE
 - A large number of infrastructure work needs to be done, costing \$100’s of millions
 - Infrastructure associated with Native American and other major water settlements will likely cost in excess of \$1B
- This will require some combination of NM and federal funding... this needs to be addressed.
- In addition to working a strategy for adequate base funding for OSE/ISC, both the OSE/ISC and the BRWTF need to develop a broader strategy that targets federal and non-federal sources of funding to address broader issues including: major infrastructure, water quality and water treatment; creation of new supplies. This task is quite urgent given the finite time that New Mexico will have congressional representation that at high seniority levels.

Possible Next Steps

- OSE prepare first iteration short version of the message to be presented for review/feedback at the next BRWTF meeting
- BRWTF invite key legislators to future meeting to listen to their needs
- BRWTF discuss alternative funding mechanisms
- BRWTF discuss broader total water funding issue, including federal funding strategy